

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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| Banco Popular Dominicano, C. Por A., | : |
| Plaintiff and | : |
| Counter-Claim Defendant, | : |
| vs. | : |
| Levi Strauss & Co., | : |
| Defendant and | : |
| Third Party Plaintiff, | : |
| vs. | : |
| Interamericana Apparel Company, Inc.; | : |
| Interamericana Products International, S.A.; | : |
| QST Dominicana LLC; US Paper & Chemical; | : |
| Apparel Machinery & Supply Co.; YKK Snap | : |
| Fasteners America, Inc.; Southern Textile | : |
| Dominicana, Inc.; Industria Cartonera | : |
| Dominicana, S.A. (Smurfit); The Graphic Label | : |
| Group Dominicana, Inc.; and Tag-It Pacific, | : |
| Inc., | : |
| Third Party Defendants. | : |
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INDEX No. No. 07 Civ. 6443 (LTS) (THK)

**REPLY TO CROSS CLAIM OF THIRD
PARTY DEFENDANT QST
DOMINICANA LLC**

Pursuant to Rules 8(b) and 12(a) of the Federal Rules of Civil Procedure, Defendant Levi Strauss & Co. (“LS&CO.”), by its counsel Cooley Godward Kronish LLP, as and for its reply to the Answer (“Answer”), Defenses (“Defenses”) and Cross Claim (“Cross Claim”) to Defendant’s Third Party Complaint by Third Party Defendant, QST DOMINICANA LLC (“Third Party Defendant”) and dated January 29, 2008, states as follows:

1. LS&CO. avers that no response is required to the allegations contained in paragraphs 1 through 24 of the Answer.

2. LS&CO. avers that no response is required to the allegations contained in the Defenses.

3. LS&CO. is without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraphs 1 through 4 of the Cross Claim, and on that basis denies each and every such allegation. To the extent those allegations constitute legal conclusions, no response is required.

FIRST AFFIRMATIVE DEFENSE

The Third Party Defendant fails to state a claim in which relief can be granted.

FIRST AFFIRMATIVE DEFENSE

LS&CO. is not permitted to remit payment to the Third Party Defendant because LS&CO. received formal payment embargoes under the laws of the Dominican Republic from numerous other creditors of Interamericana and under the laws of the Dominican Republic, LS&CO. is required to hold such funds pending a judicial determination of the relative rights of the creditors that served payment embargoes or may expose itself to liability to other creditors of Interamericana that served payment embargoes upon LS&CO.

SECOND AFFIRMATIVE DEFENSE

As set forth in LS&CO.'s Answer With Counterclaim And Third Party Complaint In Interpleader dated August 27, 2007, ("Third Party Complaint") pursuant to 28 U.S.C. §1335, LS&CO. is entitled to an interpleader discharge from any liability related to Third Party Defendants' counterclaim as well as an award of reasonable attorney's fees and costs.

WHEREFORE, LS&CO. demands judgment as follows: (i) granting the relief sought in the LS&CO.'s Third Party Complaint; (ii) dismissing Third Party Defendant's counterclaim; and (iii) granting such other and further relief as the Court deems just and equitable.

Dated: February 5, 2008

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